

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON

RELION, INC.,	)	
	)	No. 06-607-HU
Plaintiff,	)	
	)	
v.	)	
	)	OPINION AND ORDER
	)	
HYDRA FUEL CELL CORPORATION,	)	
a Nevada corporation, and	)	
AMERICAN SECURITY RESOURCES	)	
CORPORATION, a Nevada	)	
corporation,	)	
	)	
Defendants.	)	
_____	)	

Scott D. Eads  
Perkins Coie  
1120 N.W. Couch Street, Tenth Floor  
Portland, Oregon 97209

Breton A. Bocchieri  
Thomas A. Douvan  
Thelen Reid Brown Raysman & Steiner  
333 South Hope Street, Suite 2900  
Los Angeles, California 90071  
Attorneys for plaintiff

Renee E. Rothauge  
Laura Caldera Taylor  
Bullivant Houser Bailey  
888 S.W. Fifth Avenue, Suite 300  
Portland, Oregon 97204  
Attorneys for defendant Hydra Fuel Cell Corporation

1 Jeffrey M. Kilmer  
Christopher T. Carson  
2 Kilmer, Voorhees & Laurick  
732 N.W. 19<sup>th</sup> Avenue  
3 Portland, Oregon 97209  
Attorneys for defendant American Security Resources  
4 Corporation

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6 HUBEL, Magistrate Judge:

7 The matters before the court are Relion's motion for voluntary  
8 dismissal and Hydra's cost bill.

9 Motion to dismiss

10 On June 11, 2008, the court entered an order granting Relion's  
11 motion for a voluntary dismissal of its complaint with prejudice  
12 and dismissal of Hydra's counterclaims without prejudice (doc. #  
13 203) under certain conditions. (Doc. # 243). The conditions were  
14 that Relion 1) file a Third Amended Covenant Not to Sue, with terms  
15 as outlined in the June 11, 2008 order; 2) file a declaration that  
16 it had refunded the previously paid discovery sanctions of \$7,396  
17 to Hydra; and 3) the attorneys retain discovery produced in the  
18 case as more fully set out below.

19 On June 26, 2008, Relion filed the declaration that the  
20 discovery sanctions had been refunded, (doc. # 245), and filed the  
21 Third Amended Covenant Not to Sue (doc. # 246). On June 27, 2008,  
22 Hydra filed a request for clarification of the scope of Relion's  
23 Third Amended Covenant Not to Sue (doc. # 248). Relion filed a  
24 response to the request on August 14, 2008 (doc. # 262).

25 The court interprets Relion's Third Amended Covenant Not to  
26 Sue as follows: that Relion agrees not to sue either defendant  
27 Hydra Fuel Cell Corporation or defendant American Security

1 Resources Corporation, for infringement of United States Patent No.  
2 6,38,556 (the '556 Patent) under Title 35 of the United States  
3 Code, for all possible constructions of each and every claim of the  
4 '556 Patent, based on any past, present or future actions taken by  
5 Defendants or either of them that were revealed in discovery in  
6 this case through May 6, 2008.

7 Relion's motion to dismiss its complaint with prejudice is  
8 granted based on this interpretation of the Third Amended Covenant  
9 Not to Sue.

#### 10 Costs

11 Under 28 U.S.C. § 1920, a federal court is authorized to tax  
12 specific items as costs against a losing party pursuant to Rule  
13 54(d) (1).

14 Hydra has requested costs in the amount of \$20,977.55. Of this  
15 total, \$19,119.11 represents copying costs. Relion objects to the  
16 request for copying costs in its entirety, asserting Hydra has not  
17 shown that any of its claimed "fees for exemplification and copies  
18 of papers" were "reasonable and necessary for effective and  
19 competent representation." *Quoting Robins v. Scholastic Book Fairs*,  
20 928 F. Supp. 1027, 1035 (D. Or. 1996); *see also Frederick v. City*  
21 *of Portland*, 162 F.R.D. 139, 144 (D. Or. 1995).

22 Hydra has submitted a "Summary Statement of Costs" showing the  
23 vendor and the amount charged. Declaration of Laura Caldera Taylor  
24 in Support of Hydra's Bill of Costs, Exhibit 1 (Taylor  
25 Declaration). The first item on the statement shows \$6,310.60 for  
26 "in-house copying costs." *Id.*

1 Section 1920 does not contemplate an award of costs incurred  
2 for in-house copying expenses. Acumed LLC v. Stryker Corp., 2006 WL  
3 3410152 at \*4 (D. Or. Sept. 12, 2006), *citing* Frederick, 162 F.R.D.  
4 at 142.

5 Extra copies of documents for deposition and witness  
6 preparation, and copies of filed papers, correspondence, and cases  
7 are copies prepared for the convenience of attorneys and are not  
8 taxable. Acumed at \*4; Frederick, 162 F.R.D. at 144. In contrast,  
9 charges for copies of exhibits, documents submitted to the court in  
10 support of motions, copies of pleadings, and charges attributable  
11 to discovery can be awarded. Acumed at \*4.

12 While the cost of copying documents produced to the opposing  
13 party are routinely charged to counsel requesting the documents and  
14 the cost of service copies of pleadings might be recoverable, Hydra  
15 provides no breakdown between these costs and those for in-house  
16 use. Hydra has therefore not provided sufficient information about  
17 its copying costs to enable the court to determine which in-house  
18 costs represent costs that are taxable. The court disallows the  
19 request for \$6,310.60 in-house copying costs.

20 The last item on the summary shows \$10,487.25 paid to "The  
21 Litigation Document Group of Spokane." Taylor Declaration, Exhibit  
22 1, p. 2. With its opposition to Hydra's cost bill, Relion has  
23 submitted the Declaration of George Grigel, an attorney at Wells  
24 St. John in Spokane, Washington, patent counsel for Relion.  
25 Declaration of George Grigel in Opposition (Grigel Declaration).  
26 Mr. Grigel states that Wells St. John was responsible for preparing  
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1 Relion's document production to Hydra in Spokane in October 2007.  
2 Grigel Declaration ¶ 2. According to the Grigel declaration, Relion  
3 produced to Hydra 200,000 documents comprising over 40 linear feet  
4 of shelf space. Id. at ¶ 3. Mr. Grigel states that at the  
5 inspection, he pointed out to Hydra's counsel the three patent  
6 application files, less than 20,000 pages, that were relevant to  
7 Relion's '556 Patent and the previously issued patents from which  
8 the '556 Patent claimed priority. Id. at ¶ 4. Mr. Grigel says he  
9 also told Hydra's counsel that the rest of the remaining files were  
10 "not at all relevant to the issues in the litigation." Id.

11 Mr. Grigel states that he offered to have Wells St. John copy  
12 the three patent files, and any other documents that Hydra's  
13 counsel identified, at no charge to Hydra. Id. at ¶ 5.  
14 Nevertheless, Hydra's counsel had a copy service remove the 40 feet  
15 of files offsite for copying in Spokane, which resulted in over  
16 200,000 pages being copied. Mr. Grigel asserts that these documents  
17 were not relevant to the litigation. Id. at ¶ 6.

18 Ms. Taylor states in the Reply Declaration of Laura Caldera  
19 Taylor (Taylor Reply Declaration) that Relion refused to make its  
20 documents available for inspection and copying in Oregon, even  
21 though Relion had insisted that Hydra's discovery be transmitted to  
22 its counsel's office in Los Angeles. Reply Declaration ¶ 3 and  
23 Exhibit 1, p. 3. She states further that before Hydra was permitted  
24 to inspect the documents in Spokane, Mr. Grigel insisted that Hydra  
25 provide him with copies of any documents it chose to copy. Id. at  
26 ¶ 3. The record in this case is filled with examples of poor  
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1 cooperation and a lack of trust between counsel. Discovery disputes  
2 consumed the court's time all too frequently. Under these  
3 circumstances, Hydra will be allowed costs in the amount of  
4 \$10,487.25 for copying services in Spokane.

5 The record does not reveal the purpose of the remainder of the  
6 copying charges requested: the summary shows only the vendor and  
7 the amount charged. These costs will not be allowed.

8 Hydra requests costs totaling \$1,030.24 paid to court  
9 reporters for copies of hearing transcripts, and costs for  
10 deposition transcripts totaling \$390.95 without identifying the  
11 witnesses deposed.

12 Section 1920(2) provides for the taxation of fees of the court  
13 reporter for all or any part of the stenographic transcript  
14 necessarily obtained for use in the case. The \$1,030.24 paid to  
15 court reporters for copies of hearing transcripts is allowed as a  
16 cost.

17 Costs related to depositions are generally available to the  
18 prevailing party. Acumed at \*4, citing Wash. State Dep't of Transp.  
19 v. Wash. Natural Gas Co., 59 F.3d 793, 806 (9<sup>th</sup> Cir. 1995). A  
20 deposition need not be absolutely indispensable to justify an award  
21 of costs, but must be "reasonably necessary at the time it was  
22 taken." Acumed at \*4, citing Frederick, 162 F.R.D. at 143. The  
23 court is unable to ascertain whether the depositions were  
24 reasonably necessary at the time they were taken because the  
25 evidence proffered by Hydra does not indicate who was deposed,  
26 when, or why. See also Robins, F. Supp. at 1035 (allowance of costs  
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1 for depositions not used at trial not an abuse of discretion "so  
2 long as the court determines that the depositions were 'necessarily  
3 obtained.'" Accordingly, these costs will not be allowed.

4 Hydra requests the sum of \$437.25 for a videotaped deposition.  
5 Hydra has proffered no evidence from which the court could  
6 determine who was deposed, when, or why. Likewise, the court cannot  
7 tell if this is a request for a video of a deposition for which  
8 there is also a written transcript. Consequently the court is  
9 unable to determine whether the deposition was necessary at the  
10 time it was taken. This cost will not be allowed.

#### 11 **Conclusion**

12 Relion's motion to dismiss its claims with prejudice and to  
13 dismiss Hydra's counterclaims without prejudice (doc. # 203) is  
14 GRANTED. The law firms of Thelen Reid Brown Raysman & Steiner, and  
15 Bullivant Houser Bailey are ordered to retain complete copies of  
16 all discovery indefinitely.

17 Hydra is awarded its costs in the amount of \$11,517.49.

18 Relion objects to Hydra's filing of the Reply Declaration of  
19 Laura Caldera Taylor in Support of Hydra's Cost Bill (doc. #259)  
20 one day late, and asks the court to disregard this declaration.  
21 (Doc. # 261). The objection is OVERRULED and the request to  
22 disregard the declaration is DENIED. Relion further requests that  
23 the court disregard the Supplemental Declaration of Laura Caldera  
24 Taylor in Support of Hydra's Cost Bill filed on August 11, 2008  
25 (doc. # 260), filed 18 days late, without having requested leave of  
26 the court. While the declaration is late and no satisfactory  
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1 explanation was given, I decline to strike the declaration because  
2 considering it does not change the result on the award of costs.  
3 The request is therefore DENIED.

4 IT IS SO ORDERED.

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6 Dated this 14<sup>th</sup> day of August, 2008.

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8 /s/ Dennis James Hubel

9 Dennis James Hubel  
10 United States Magistrate Judge  
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